

Message Text

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S E C R E T BRASILIA 2228

LIMDIS

FOR AASSISTANT SECRETARY ROGERS FROM AMBASSADOR

FOR S/P - WINSTON LORD, EB - ASSISTANT SECRETARY ENDERS:

OES - ASSISTANT SECRETARY RAY

E. O. 11652: GDS

TAGS: OVIP, PFOR, ECON, ENRG, PARN, ETRD, EFIN, BR

SUBJECT: POSSIBLE THEMES AND INITIATIVES FOR SECRETARY'S

VISIT TO BRAZIL - AN OVERVIEW

PART FOUR

E. THE NUCLEAR ISSUE

26. THE BRAZILIAN SIDE WILL WISH TO EXPLORE WITH THE SECRETARY

THE LIMITS OF NUCLEAR COOPERATION WITH THE US. BRAZILIAN

QUESTIONS WILL FOCUS ON THREE ISSUES:

(A) ASSURANCES WITH RESPECT TO ENRICHMENT SERVICES TO HELP
MEET BRAZILIAN NEEDS (BRAZIL HAS TWO-LONG-TERM SUPPLY CONTRACTS
IN THE CONDITIONAL CATEGORY);

(B) POSSIBILITIES FOR THE TRANSFER OF US TECHNOLOGY TO SUPPORT
THE BRAZILIAN OBJECTIVE FOR THE ESTABLISHMENT OF A SELF-
CONTAINED NUCLEAR INDUSTRY (INCLUDING EQUIPMENT-
PRODUCING INDUSTRIES AND A FULL NUCLEAR FUEL CYCLE);

(C) THE SPECIFIC SAFEGUARDS REQUIREMENTS WHICH THE US HAS
IN MIND AS THE PRICE FOR COOPERATION. (THE GOB IS AWAITING
US PROPOSALS FOR THE REVISION OF THE BILATERAL AGREEMENT;
THERE HAVE BEEN EXPRESSIONS OF CONCERN WITH RESPECT TO THE

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TIGHTENED SAFEGUARD PROCEDURES THE US IS EXPECTED TO PROPOSE).

27. THE GOB WILL ALSO BE INTERESTED, GIVEN RISING BRAZILIAN CONCERNS OVER WHAT IS SEEN AS THE PROGRESSIVE EROSION OF US POWER, IN AN EXPOSITION BY THE SECRETARY OF HIS VIEWS ON THE STRATEGIC BALANCE AND US NUCLEAR STRATEGY, AND IN A DISCUSSION OF US NON-PROLIFERATION POLICY, ABOUT WHOSE LONG-TERM FEASIBILITY AND EFFECTIVENESS KEY OFFICIALS WITHIN THE GOB ARE PESSIMISTIC AND SKEPTICAL. BRAZILIAN PERCEPTIONS IN THESE AREAS ARE CRITICAL TO THE GOB'S DECISION PROCESS ON THE NUCLEAR ISSUE. THE GOB MAY OR MAY NOT BE AWARE OF US INITIATIVES TOWARDS OTHER EXPORTERS OF NUCLEAR TECHNOLOGY TO CONTAIN THE SPREAD OF ENRICHMENT TECHNOLOGY.

28. THE DISCUSSIONS WITH THE SECRETARY IN THIS ARE WILL BE SEEN BY THE GOB AS AN IMPORTANT TEST OF US INTENTION WITH RESPECT TO THE FORTHCOMING VISIT TO WASHINGTON BY MINISTER OF MINES AND ENERGY UEKI, AND NOGUEIRA BATISTA, PRESIDENT OF NUCLEBRAS. THE MINISTER'S REPLY ACCEPTING THE INVITATION MAKES IT CLEAR THAT THE GOB IS PRIMARILY INTERESTED IN POLICY DISCUSSIONS WITH THE USG AND THAT CONTACTS WITH US INDUSTRY WILL, AT THIS POINT, BE SECONDARY. (SEE ALSO MINISTER'S SIGNIFICANT COMMENT ON PRESENTATION OF INVITATION: BRASILIA 1724).

29. IN CHARTING A POSSIBLE APPROACH FOR THE SECRETARY'S DISCUSSIONS IN THIS AREA, THE FOLLOWING ASSUMPTIONS SEEM RELEVANT:

(A) THE GOB'S POLICY OF NUCLEAR INDEPENDENCE THROUGH THE ESTABLISHMENT OF A COMPLETE NUCLEAR INDUSTRY IS INTENDED TO GIVE BRAZIL A NUCLEAR OPTION; WE DO NOT KNOW WHETHER THE GOB HAS ALSO DECIDED TO EXERCISE SUCH AN OPTION ONCE IT EXISTS.

(B) THE PENDING BRAZIL/GERMAN AGREEMENT, WHILE ITS DETAILS ARE NOT KNOWN, WILL PROBABLY ALLOW SOME CONTINUING ROLE FOR US INDUSTRY, EITHER IN ASSOCIATION WITH NUCLEBRAS OR WITH GERMAN COMPANIES. IT SEEMS IMPLAUSIBLE THAT THE GOB WOULD MAKE BRAZIL'S NUCLEAR DEVELOPMENT TOTALLY DEPENDENT ON GERMAN TECHNOLOGY.

(C) EVEN IF IT IS NOT POSSIBLE TO BLOCK ACQUISITION OF ENRICHMENT AND REPROCESSING TECHNOLOGY BY THE GOB, THERE ARE
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DIPLOMATIC INITIATIVES THAT CAN BE PURSUED WHICH MIGHT COMPEL THE GOB TO ACCEPT MORE EXTENSIVE SAFEGUARDS SYSTEMS AND INHIBIT THE EXERCISE OF A NUCLEAR OPTION BY BRAZIL.

30. THESE CONSIDERATIONS INDICATE THE BROAD LINES OF AN APPROACH TO THE GOB ON THE NUCLEAR QUESTION:

(A) REASSURE THE GOB WITH RESPECT TO THE AVAILABILITY OF ENRICHMENT SERVICES FROM FACILITIES UNDER US CONTROL; (SOME

DISCUSSION OF THE STATUS OF THE FOURTH US PLANT AND ITS IMPLICATIONS FOR FOREIGN CONSUMERS WOULD BE USEFUL, INCLUDING THE POSSIBILITY OF BRAZILIAN ACCESS TO SUPPLIES FROM, AND PARTICIPATION IN, SUCH A PLANT).

(B) A FORTHCOMING POLICY WITH RESPECT TO THE TRANSFER OF TECHNOLOGY, WITHIN THE LIMITS SET BY US NON-PROLIFERATION POLICY, TO MAINTAIN US INFLUENCE IN THIS KEY SECTOR. IN THIS CONNECTION, THE SECRETARY MIGHT WISH TO REVIEW THE PROSPECTIVE COOPERATION ARRANGEMENTS WITH IRAN AND THEIR POSSIBLE APPLICABILITY, WITH APPROPRIATE MODIFICATIONS FOR BRAZIL'S NON-NPT STATUS.

(C) TO ASSIST IN THE DEVELOPMENT OF LATIN AMERICAN NUCLEAR INDUSTRY, THE US MIGHT INDICATE ITS WILLINGNESS, IN PRINCIPLE, TO SUPPLY US TECHNOLOGY, UNDER APPROPRIATE SAFEGUARDS, FOR MULTI-NATIONAL REPROCESSING AND ENRICHMENT FACILITIES IN LATIN AMERICA AS SOON AS SUCH FACILITIES ARE ECONOMICALLY AND TECHNICALLY VIABLE AND AFTER THE FOURTH US PLANT IS IN PLACE. THE IDEA MIGHT BE BROACHED IN CONFIDENCE BY THE SECRETARY DURING HIS VISIT, INVITING A GOB INITIATIVE IN THIS FIELD. THIS WOULD BE A US RESPONSE TO MEXICO'S RECENT CALL FOR LATIN AMERICAN COOPERATION IN NUCLEAR DEVELOPMENT (MEXICO'S 2194) -- WITH ITS EMPHASIS ON INDEPENDENCE FROM THE US -- AND COULD BE CAST AS A US OFFER TO TRANSFER US TECHNOLOGY TO THE COUNTRIES OF THE HEMISPHERE IN RESPONSE TO A SPECIFIC LATIN AMERICAN INITIATIVE.

CRIMMINS

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